

**Safeguard List under the AFAS 5<sup>th</sup> Package of Financial Services Commitments  
MALAYSIA**

**Sector: Insurance**

Sub-sector	Areas to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
Insurance Intermediation <sup>1</sup> – insurance broking, insurance underwriting, insurance management and financial advisory.	<p><b><u>Market Access</u></b></p> <p>1),2) Insurance broking services are not permitted for insurance risks relating to:</p> <ul style="list-style-type: none"> <li>• Life insurance business; and</li> <li>• General insurance business, which includes motor; fire; domestic maritime, domestic aviation and goods in domestic transit; medical and health; liability; and miscellaneous categories.</li> </ul> <p>Insurance underwriting, insurance management and financial advisory services are not permitted for both life and general insurance businesses.</p> <p>3) Onshore insurance underwriting and insurance management services are only permitted as part of core businesses of insurance companies, as such no separate licences are issued.</p> <p>Licences for offshore insurance underwriting and insurance management business require approval from the Labuan Financial Services Authority.</p>	<p><b><u>Prudential Measures</u></b></p> <p>1) ASEAN insurance broking companies providing cross-border broking services of international maritime, international aviation and goods in international transit risks are required to be registered with Bank Negara Malaysia.</p> <p>3) Insurance intermediaries that wish to establish commercial presence in Malaysia are required to be locally incorporated and must be licensed in accordance with the Insurance Act 1996.</p> <p>Insurance intermediaries, including agents, are not allowed to act on behalf of a person not licensed under the Insurance Act 1996 in relation to the carrying on of insurance business in Malaysia unless approved in writing by Bank Negara Malaysia.</p> <p>Licensed insurance broking companies are not allowed to negotiate a contract of insurance with an insurer not licensed under</p>

<sup>1</sup> Whereas insurance broking and insurance underwriting, management and financial advisory are listed separately in the Schedule of Commitments, for the purposes of the Safeguard Framework all four types of businesses are listed together under the sub-sector of insurance intermediation.

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	<p>No new licences will be issued for insurance broking services. Licences for financial advisory business require approval from Bank Negara Malaysia.</p> <p>Foreign shareholding for insurance broking companies and financial advisory companies beyond 49% and 70%, respectively, are not permitted.</p> <p>Cross-shareholdings of more than 5% are not permitted unless approved in writing by Bank Negara Malaysia.</p> <ul style="list-style-type: none"> <li>• Licensed insurance companies are not permitted to hold shares in insurance broking, financial advisory and other insurance companies.</li> <li>• Insurance broking companies are not permitted to hold shares in other insurance broking, financial advisory or insurance companies.</li> <li>• Financial advisory companies are not permitted to hold shares in other financial advisory, insurance broking or insurance companies.</li> <li>• Common shareholders in insurance broking, financial advisory and insurance companies are not permitted, unless such shareholdings are in insurance companies carrying on different classes of insurance business.</li> </ul> <p>4) Entry is permitted up to a maximum of ten years.</p>	<p>the Insurance Act 1996 except for:</p> <ul style="list-style-type: none"> <li>• A contract of reinsurance; and</li> <li>• Insurance of property and liability approved by the Bank under subsection 140 (2) of the Insurance Act 1996.</li> </ul> <p>Licensed financial advisory companies may only negotiate a contract of insurance with an insurer licensed under the Insurance Act 1996.</p> <p>Other prudential requirements: As listed in Bank Negara Malaysia's website, including:</p> <ul style="list-style-type: none"> <li>• capital adequacy requirements, available at <a href="http://www.bnm.gov.my/guidelines/02_insurance_takaful/01_capital_adequacy/04_rbcf_amend_v1_rsa2.pdf">http://www.bnm.gov.my/guidelines/02_insurance_takaful/01_capital_adequacy/04_rbcf_amend_v1_rsa2.pdf</a>;</li> <li>• corporate governance requirements, available at <a href="http://www.bnm.gov.my/guidelines/02_insurance_takaful/03_prudential_stds/1_corp_governance.pdf">http://www.bnm.gov.my/guidelines/02_insurance_takaful/03_prudential_stds/1_corp_governance.pdf</a>;</li> <li>• disclosure requirements; and</li> <li>• other prudential requirements, including those available at <a href="http://www.bnm.gov.my/index.php?ch=18&amp;pg=55&amp;ac=584">http://www.bnm.gov.my/index.php?ch=18&amp;pg=55&amp;ac=584</a>.</li> </ul>

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		<p><b>Other Financial Policies</b></p> <p>Rules, regulations, bylaws and terms of membership of associations, including the following:</p> <ul style="list-style-type: none"> <li>• Life Insurance Association of Malaysia;</li> <li>• General Insurance Association of Malaysia; and</li> <li>• Malaysian Insurance and Takaful Brokers Association.</li> </ul> <p>For agency business, registration with Life Insurance Association of Malaysia and/or General Insurance Association of Malaysia is required prior to operating in Malaysia.</p>
<p>Services auxiliary to insurance, as follows:</p> <p>(a) Consultancy (excludes insurance agency services to insurance industry)</p> <p>(b) Actuarial risk assessment (excluding statutory actuarial roles)</p>	<p><b><u>Market Access</u></b></p> <p>1), 2), 3) No restrictions applied to companies that wish to supply services auxiliary to insurance, provided that companies are:</p> <ul style="list-style-type: none"> <li>• operating in ASEAN; and</li> <li>• licensed or registered to operate in accordance with Malaysia's laws, regulations and national policies.</li> </ul> <p>4) Entry is permitted in accordance with Malaysia's laws and regulations.</p> <p>Entry is permitted up to a maximum of ten years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>For actuarial risk assessment:</p> <p>Appointed actuaries and signing actuaries, which are required to be appointed by insurers, have to be approved by Bank Negara Malaysia based on the requirements available at <a href="http://www.bnm.gov.my/guidelines/02_insurance_takaful/01_capital_adequacy/04_rbcf_amend_v1_rsa2.pdf">http://www.bnm.gov.my/guidelines/02_insurance_takaful/01_capital_adequacy/04_rbcf_amend_v1_rsa2.pdf</a>.</p> <p>Other prudential requirements:</p> <p>As listed in Bank Negara Malaysia's website available at <a href="http://www.bnm.gov.my/index.php?ch=18&amp;pg=55&amp;ac=584">http://www.bnm.gov.my/index.php?ch=18&amp;pg=55&amp;ac=584</a></p>

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(c) Risk management  (d) Maritime loss Adjusting		

**Sector: Capital Market**

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
Trading for own account or account of customers in the following:  - transferable securities	<p><b><u>Market Access</u></b></p> <p>1) Dealing in securities is limited to securities traded on recognised stock exchanges.</p> <p>3) For a non-bank, foreign equity participation is limited to 70%. No commitments for new licences.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>3) A company wishing to carry on the regulated activity of dealing in securities as a principal must be incorporated in Malaysia and hold the relevant Capital Markets Services Licence (CMSL) in accordance with the Capital Markets &amp; Services Act 2007 (CMSA).</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of dealing in securities on behalf of his principal must hold the relevant Capital Market Services Representative Licence (CMSRL) in accordance with the CMSA.</p>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
		<p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> <li>Relevant rules of Bursa Malaysia.</li> </ul>
<p>Trading for own account or account of customers in the following:</p> <ul style="list-style-type: none"> <li>- derivative products, including futures and options</li> </ul>	<p><b><u>Market Access</u></b></p> <p>1) Trading in futures contracts is limited to the approved classes of futures contracts listed on specified exchanges.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>3) A company wishing to carry on the regulated activity of trading in futures contracts as a principal must be incorporated in Malaysia and hold the relevant CMSL in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of trading in futures contracts on behalf of his principal must hold the relevant CMSRL.</p>

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		<p><b><u>Other prudential requirements:</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> <li>Relevant rules of Bursa Malaysia.</li> </ul>
Services related to the issues of all kinds of securities and placement as agents (whether publicly or privately) (excluding issuing and rating houses).	<p><b><u>Market Access</u></b></p> <p>1) 2) Authorization is required in accordance with the CMSA.</p> <p>3) The categories of persons who are eligible to act as principal advisers and the types of corporate proposals they are permitted to submit to the Securities Commission are set out in the Guidelines on Principal Advisers for Corporate Proposals.</p> <p>For a non-bank, foreign equity participation is limited to 70%.</p>	<p><b><u>Prudential Measures</u></b></p> <p>3) A company wishing to participate in issues of securities as an agent must be incorporated in Malaysia and hold the relevant CMSL in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual participating in issues of securities on behalf of his principal must hold the relevant CMSRL.</p>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
	<p>Only licensed banking institutions are permitted to act as principal dealers based on meeting specific criteria and subject to Bank Negara Malaysia's approval.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> </ul>
Underwriting	<p><b><u>Market Access</u></b></p> <p>1) Local incorporation is required.</p> <p>3) For a non-bank, foreign equity participation is limited to 70%.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>3) A company wishing to underwrite must hold the relevant CMSL (dealing in securities) in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of dealing in securities is permitted to underwrite on behalf of his principal but must hold the relevant CMSRL in accordance with the CMSA.</p>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
		<p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> </ul>
<p>Asset management as follows:</p> <ul style="list-style-type: none"> <li>- cash or portfolio management</li> <li>- all forms of collective investment management</li> <li>- custodial and depository services</li> </ul>	<p><b><u>Market Access</u></b></p> <ol style="list-style-type: none"> <li>Local incorporation is required.</li> <li>For a non-bank, foreign equity participation for dealing in securities restricted to unit trust is limited to 70%.</li> <li>Entry is permitted up to a maximum of five years.</li> </ol>	<p><b><u>Prudential Measures</u></b></p> <ol style="list-style-type: none"> <li>A company wishing to carry on as principal in the regulated activity of fund management or dealing in securities restricted to unit trust must hold the relevant CMSL in accordance with the CMSA.</li> </ol> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>Principals dealing in unit trust products are required to be registered with the Federation of Investment Managers Malaysia (FIMM).</p>



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	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
		<p>Companies wishing to be established as Venture Capital Corporations (VCC) and Venture Capital Management Corporations (VCMC) are required to be registered with the Securities Commission in accordance with the relevant guidelines.</p> <p>4) An individual wishing to carry on the regulated activity of fund management on behalf of his principal must hold the relevant CMSRL.</p> <p>Individuals who deal in unit trust products on behalf of a holder of a CMSL are not required to hold a CMSRL.</p> <p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission</li> </ul>

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Advisory, intermediation and other auxiliary financial services, including credit reference and analysis, investment advice on acquisitions, corporate restructuring and strategy.	<p><b><u>Market Access</u></b></p> <p>1) Local incorporation is required.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>3) A company wishing to carry on the regulated activity of advising on corporate finance, investment advice or financial planning must hold the relevant CMSL in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of advising on corporate finance, investment advice or financial planning on behalf of his principal must hold the relevant CMSRL.</p> <p><b><u>Other prudential requirements:</u></b></p> <ul style="list-style-type: none"> <li>Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul> <p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> </ul>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
<p>Securities broking services comprising:</p> <ul style="list-style-type: none"> <li>- broking services;</li> <li>- credit reference and analysis;</li> <li>- investment portfolio management and advice; and</li> <li>- market research</li> </ul>	<p><b><u>Market Access</u></b></p> <p>1) Promotion in Malaysia of Malaysian stocks requires approval.</p> <p>Provision of investment advisory services and credit reference services to residents requires commercial presence</p> <p>3) For a non-bank, foreign equity participation is limited to 70%. No commitments for new licences.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>1) 2) Trades on Malaysian stock exchange must be transacted through companies incorporated in Malaysia which are participating organisations of the stock exchange.</p> <p>3) A company wishing to carry on the regulated activity of dealing in securities as a principal must be incorporated in Malaysia and hold the relevant CMSL in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of dealing in securities on behalf of his principal must hold the relevant CMSRL in accordance with the CMSA.</p> <p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>• Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements, organisational requirements and shareholding composition.</li> </ul>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
		<p><b><u>Others laws, regulations, guidelines and rules</u></b></p> <ul style="list-style-type: none"> <li>• The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> <li>• Relevant rules of Bursa Malaysia.</li> </ul>
Commodity futures broking services	<p><b><u>Market Access</u></b></p> <p>3) Local incorporation is required.</p> <p>4) Entry is permitted up to a maximum of five years.</p>	<p><b><u>Prudential Measures</u></b></p> <p>1) Trades on any Malaysian commodity futures exchange must be conducted through companies incorporated in Malaysia which are trading participants of the futures exchange.</p> <p>3) A company wishing to carry on the regulated activity of trading in futures contracts must hold the relevant CMSL in accordance with the CMSA.</p> <p>All persons must be licensed to carry out any regulated activity, unless he is a specified person as provided for under Section 58 of the CMSA or a registered person as provided for under Section 76 of the CMSA.</p> <p>4) An individual wishing to carry on the regulated activity of trading in futures contracts on behalf of his principal must hold the relevant CMSRL.</p> <p><b><u>Other prudential requirements</u></b></p> <ul style="list-style-type: none"> <li>• Approval for the CMSL and CMSRL will be subject to the relevant licensing criteria found in the Licensing Handbook, available at <a href="http://www.sc.com.my/">http://www.sc.com.my/</a>. Among others the licensing criteria would include fit and proper standards, minimum financial requirements,</li> </ul>

Sub-sector	Measures to be Safeguarded	
	Market Access and National Treatment Restrictions	Laws and National Policies, including Prudential and Foreign Exchange Measures
		organisational requirements and shareholding composition.  <u>Others laws, regulations, guidelines and rules</u> <ul style="list-style-type: none"> <li>• The CMSA and other relevant regulations and guidelines issued by Securities Commission.</li> <li>• Relevant rules of Bursa Malaysia.</li> </ul>

Bank Negara Malaysia and Securities Commission Malaysia  
 30 July 2012

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